



ASX Announcement

24 June 2019

ShareRoot Limited (ASX:SRO)

Cleansing notice under section 708AA of the Corporations Act

This notice is provided by ShareRoot Limited ACN 063 144 865 (**Company**) in connection with the Company's proposal to undertake a non-renounceable pro rata entitlement offer (**Entitlement Offer**) to existing eligible shareholders of the Company (**Eligible Shareholders**) on the basis of 2 new fully paid ordinary shares in the Company (**Shares**) for every 3 Shares held on the record date, being 7.00 pm (AEST) on Thursday, 27 June 2019 (**Record Date**), to raise up to approximately A\$954,342 (subject to rounding).

Eligible Shareholders will only be those who are shareholders on the share register of the Company as of the Record Date with a registered address in Australia or New Zealand.

The Company gives this notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and states the following:

1. the Shares to be issued under the Entitlement Offer will be issued without disclosure to investors under Part 6D.2 of the Corporations Act;
2. as at the date of this notice, the Company has complied with:
 - a. the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - b. section 674 of the Corporations Act;
3. as at the date of this notice, there is no excluded information for the purposes of sections 708AA(8) and 708AA(9) of the Corporations Act; and
4. the potential effect the Entitlement Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand. However, as the Entitlement Offer is a pro rata issue, and given the current level of holdings of substantial shareholders (based on substantial holder notices that have been given to the Company and lodged with ASX before the date of the announcement of the Entitlement Offer), the Entitlement Offer is not expected to have any material effect on the control of the Company and, as a result, there is not expected to be any consequences flowing from that effect. The potential effect on control and/or dilution is summarised below:
 - a. If all Eligible Shareholders take up their entitlements under the Entitlement Offer, then the Entitlement Offer will have no significant effect on the control of the Company.
 - b. If some Eligible Shareholders do not take up all of their entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders in the Company will be diluted.

- c. The proportional interests of shareholders of the Company who are not Eligible Shareholders will be diluted because such shareholders are not entitled to participate in the Entitlement Offer.
- d. Eligible Shareholders that apply for additional Shares under the shortfall facility (under which any shortfall between applications received and the number of Shares proposed to be issued under the Entitlement Offer may be applied for by those who have accepted their entitlements in full) (**Shortfall Facility**) may increase their interests beyond their entitlement. This could result in the dilution of holdings of those who failed to accept their entitlements in full and those who failed to apply for additional Shares under the Shortfall Facility.